

# *Metropolitan Washington Council of Governments Board Meeting*

## ***Future Challenges: Economic Diversification, Workforce Development, Housing Affordability***

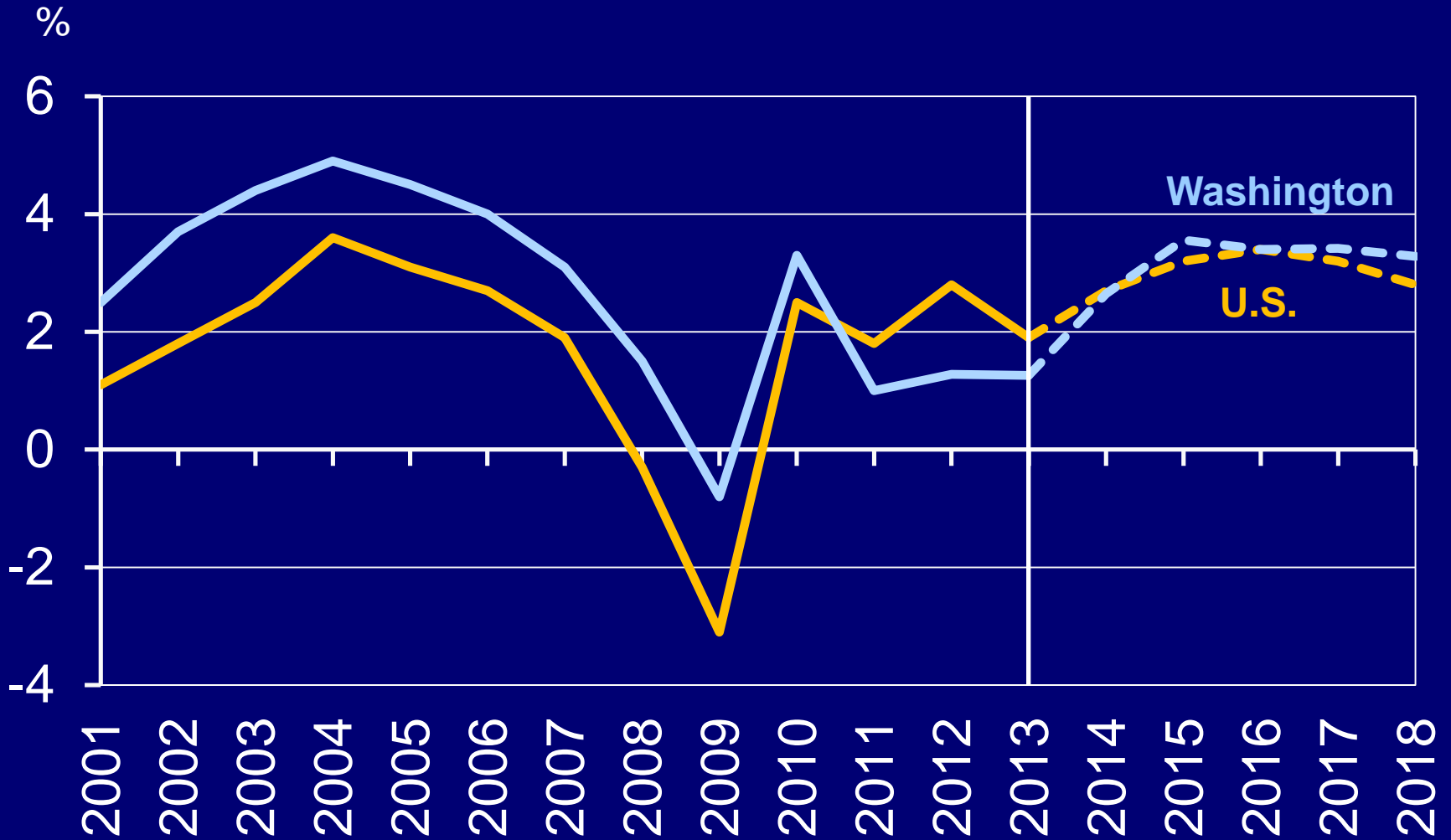
Stephen S. Fuller, Ph.D.

Dwight Schar Faculty Chair and University Professor  
Director, Center for Regional Analysis  
George Mason University

March 12, 2014

# The Washington Economy: Impacts of the Recession and the Sequester

# U.S. GDP and Washington Area GRP 2001 – 2013 – 2018



# Recession Impacts

- GRP declined 0.8% in 2008
- The region's lost 178,100 jobs

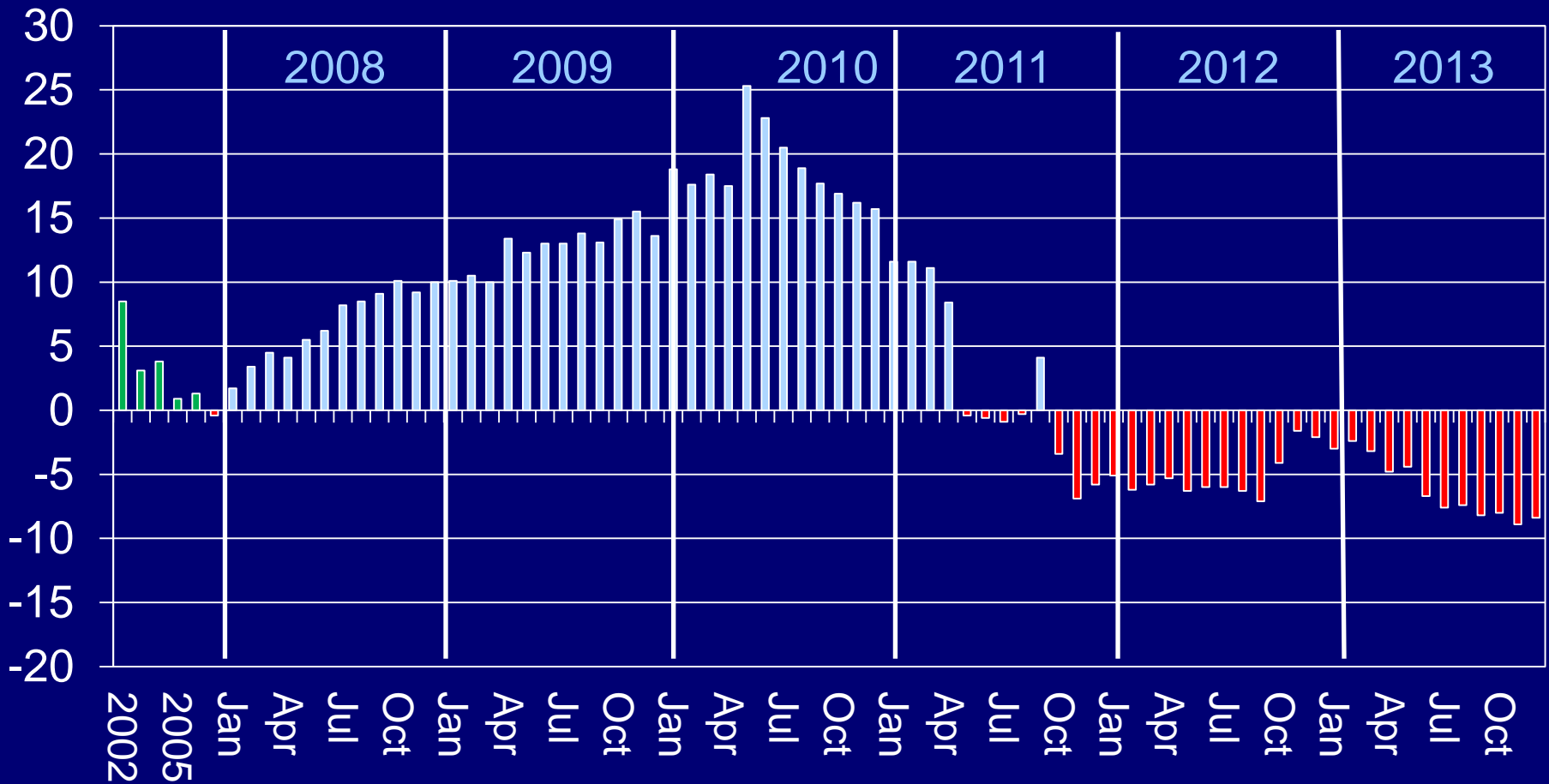
# Sequester+ Impacts

- Federal procurement \$s down by 14.0%
- There are 21,200 fewer federal jobs
- Federal payroll is down 4.8%  
or by \$2 billion

# Federal Government Washington MSA

(000s) Annual Data

Annual Month over Year



# WMSA Payroll Job Change: Private Sector

## The Great Recession and Recovery

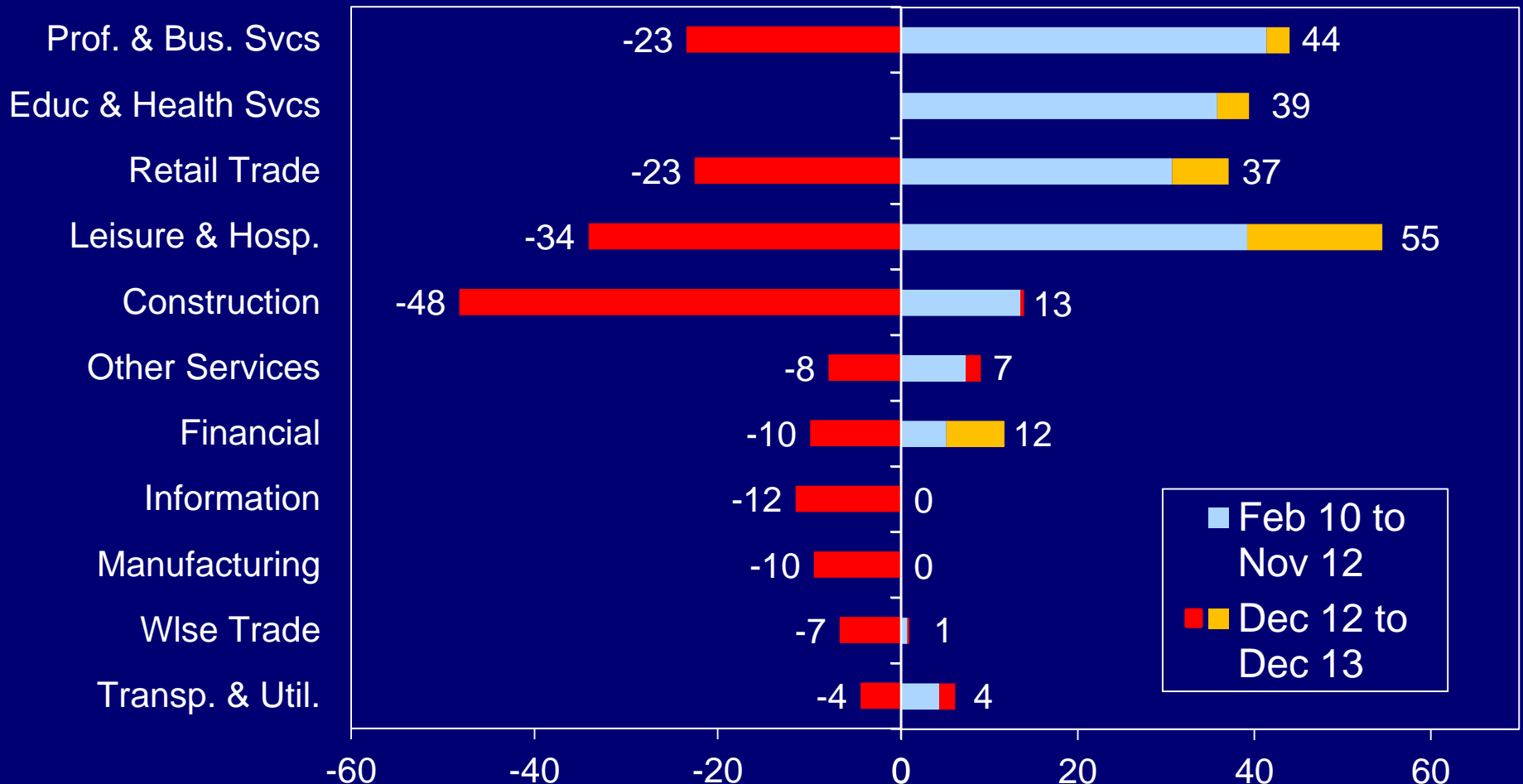
Aug 2008-Feb 2010

Feb 2010-Dec 2013

Total -178

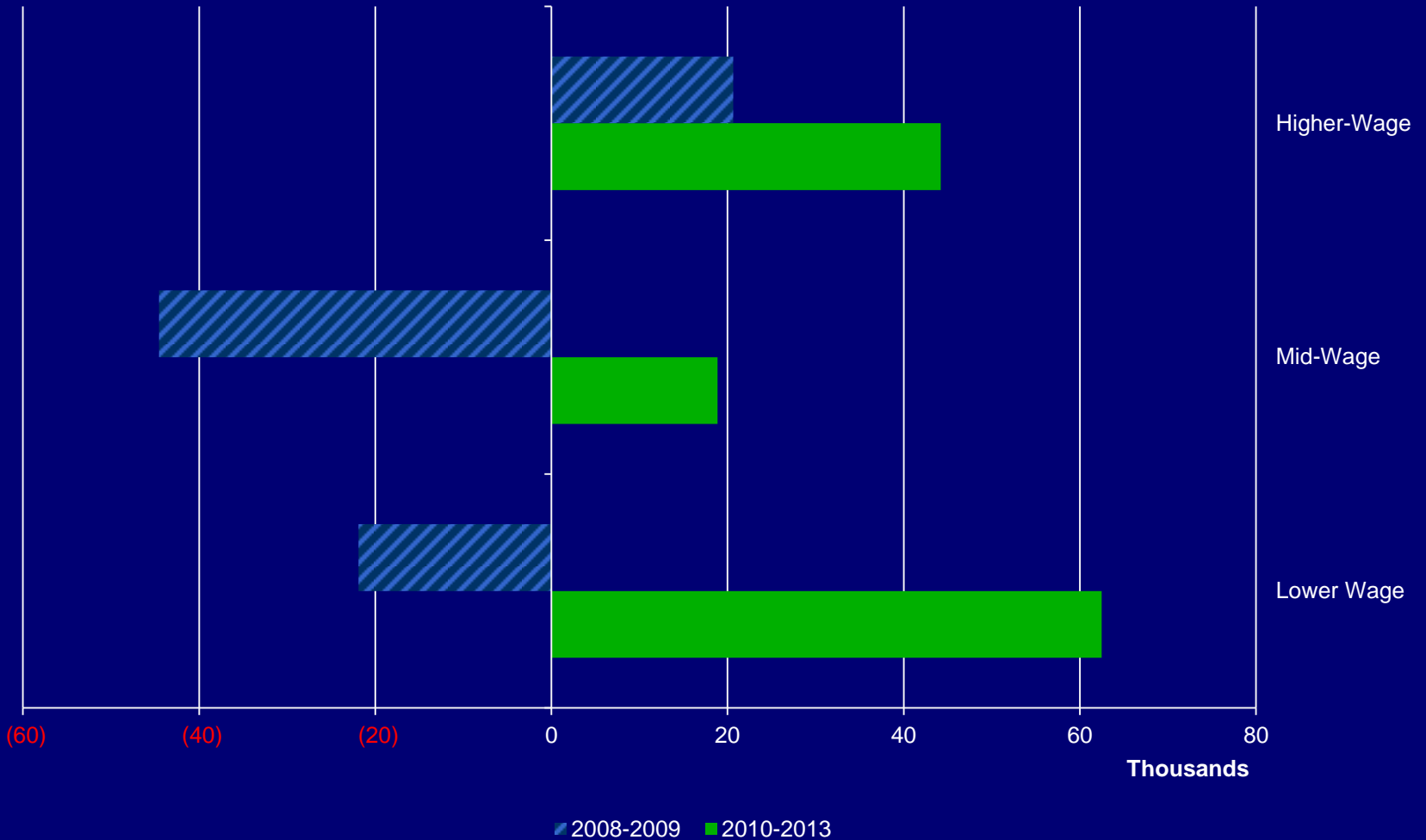
(000s)

Total 212



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Washington Metropolitan Area Job Change by Wage Category between 2008 to 2013



# Economic Outlook for the Washington Metropolitan Area



# Washington Metropolitan Area Gross Regional Product, 2013-2018

(in billions of 2005\$s)

<u>Region</u>	<u>2013</u>	<u>Share</u>	<u>2018</u>	<u>Share</u>	<u>% Change</u>
Metro	\$391.2	100.0	\$458.8	100.0	17.3
District	92.7	23.7	104.5	22.8	12.7
SubMD	110.3	28.2	129.5	28.2	17.4
NoVA	187.1	47.8	223.5	48.7	19.4

---

Source: IHS Global Insight, GMU Center for Regional Analysis

The Washington metropolitan area includes Jefferson County, WV and is included in the total GRP values.

# Employment Change in the WMSA by Sub-State Area (000s)

	2011	2012	2013	2014	2015	2016	2017	2018
<b>D.C.</b>	14.1	5.6	1.9	9.7	11.3	9.3	6.5	4.6
<b>Sub. MD</b>	4.4	4.8	20.7	18.1	22.7	20.0	14.3	12.2
<b>No. VA</b>	26.4	23.5	14.6	32.2	31.8	36.8	35.0	30.3
<b>REGION</b>	42.6	32.2	37.5	60.2	66.1	66.4	56.2	47.5

Average Annual Change 1990-2010 = 36,000

Source: BLS, IHS Global Insight, GMU Center for Regional Analysis

NOTE: The regional totals include Jefferson, WV.

# Principal Sources of Job and GRP

## Growth in the Washington Area, 2013-2018

(in thousands)

<u>Growth Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Prof. & Bus. Ser.	144.5	48.8	\$158,211
Construction	51.9	17.5	\$91,482
Education/Health	35.2	11.9	\$59,938
Hospitality Services	27.1	9.1	\$43,036
State and Local	19.6	6.6	\$60,099
Retail Trade	13.6	4.6	\$60,981
Sub-Total	291.9	98.5	\$93,347
Overall Total	296.4	100.0	\$135,544

# Principal Sources of Job and GRP

## Growth in the Washington Area, 2013-2018

(in thousands)

<u>Other Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Federal Gov't	- 22.8	- 7.7	\$141,894
Other Services	2.1	0.7	\$102,734
Financial Services	- 1.3	- 0.4	\$591,253
Information Services	6.3	2.1	\$549,993
Manufacturing	1.5	0.5	\$103,723
Transportation	9.3	3.1	\$133,796
Wholesale Trade	7.3	2.5	\$193,924
Sub-Total	4.5	1.5	\$220,696
Overall Total	296.4	100.0	\$135,544

# The Washington Area's Changing Workforce: Net New and Replacement Jobs

# Washington Metropolitan Area Change in Jobs, Summary 2012 - 2017 - 2022

Year	Total Jobs	Net New (% Change)	Replacement (% Change)	Openings (% Change)
2012	3,927,775			
2012 - 2017	4,291,969	364,194	477,530	841,724
		9.3%	12.2%	21.4%
2017 - 2022	4,575,445	283,476	455,621	739,097
		6.6%	10.6%	17.2%

# Washington Metropolitan Area All Net New Jobs, 2012 – 2017

<u>Occupation 2-Digit SOC</u>	<u>Net New</u>	<u>% Total</u>	<u>% Change</u>
Business & Financial	48,004	13.2	12.6
Sales & Related	35,443	9.7	8.4
Healthcare (All)	32,685	9.0	14.1
Office & Admin Support	28,515	7.8	5.9
Educ., Training & Library	27,129	7.4	13.2
Computer & Mathematical	26,853	7.4	11.5
Personal Care & Service	26,304	7.2	16.6
Food Prep & Serving	24,115	6.6	10.3
Management Occupations	21,860	6.0	6.7
Building & Grounds Maint.	20,254	5.6	12.5
All Others	73,032	20.1	6.7
<b>Totals, All</b>	<b>364,194</b>	<b>100.0</b>	<b>9.3</b>

## Major Sources of Net New Jobs, 2012 – 2017

<u>Occupation 5-Digit SOC</u>	<u>Net New</u>	<u>% Total</u>	<u>% Change</u>
<u>Sales &amp; Related</u>	35,443	9.7	8.4
Real Estate Sales Agents	12,622	35.6	15.9
Financial Serv. Agents	5,457	15.4	28.8
Retail Salespersons	3,308	9.3	3.8
Cashiers	2,809	7.9	4.4
<u>Business &amp; Financial Serv.</u>	48,004	13.2	12.6
Management Analysts	12,209	25.4	14.6
Personal Financial Adv.	8,560	17.8	33.8
Business Ops Specialist	5,065	10.6	7.4
Accountants & Auditors	4,432	9.2	9.0
<u>All Others</u>	280,747	77.1	9.0
<u>Totals, All</u>	364,194	100.0	9.3



## Major Sources of Net New Jobs, 2012 – 2017

<u>Occupation 5-Digit SOC</u>	<u>Net New</u>	<u>% Total</u>	<u>% Change</u>
<u>Healthcare (All)</u>	32,685	9.0	14.1
Home Health Aides	6,524	20.0	34.0
Registered Nurses	5,473	16.7	12.7
Nursing Aides, Orderlies	2,935	9.0	12.6
Massage Therapists	1,480	4.5	22.2
<u>Office &amp; Admin Support.</u>	28,515	7.8	5.9
Office Clerks, General	6,146	21.6	8.7
Bookkeeping & Acct Clerks	3,447	12.1	9.2
Customer Service Reps	2,940	10.3	7.8
Receptionists & Info Clerks	2,848	10.0	10.7
<u>All Others</u>	302,994	83.2	9.4
<u>Totals, All</u>	364,194	100.0	9.3

# Washington Metropolitan Area : Net New by Educational Requirements, 2012-2017

<u>Education</u>	<u>Net New</u>	<u>% Total</u>
Short-Term OJT	107,217	29.4
Bachelors + Experience	113,318	31.1
Moderate-Term OJT	26,702	7.3
Postsecondary Non-Degree	29,991	8.2
Associate's Degree	16,298	4.5
Work Exp in Related Occp.	31,442	8.6
Long-Term OJT	18,698	5.1
Master's&Doctoral Degree	14,539	4.0
<u>First Professional Degree</u>	<u>7,343</u>	<u>2.0</u>
<b>*Total</b>	<b>364,187</b>	<b>100.0</b>

\*Includes -1,361 Unclassified and Military Net New jobs

\*\* Totals show underestimates due to suppressed data and may not add up

Sources: EMSI Total Employment - 2013.2, GMU Center for Regional Analysis

# Washington Metropolitan Area All Replacement Jobs, 2012 – 2017

<u>2-Digit SOC</u>	<u>Replacement</u>	<u>% Total</u>	<u>% Change</u>
Sales & Related	65,728	13.8	15.5
Office & Admin Support	56,573	11.8	11.8
Food Prep & Serving	44,496	9.3	19.0
Business & Financial	37,634	7.9	9.9
Management Occupations	37,380	7.8	11.5
Healthcare (All)	22,380	4.7	9.6
Educ., Training & Library	22,200	4.6	10.8
Computer & Mathematical	22,093	4.6	9.5
Arts, Design, Entertain.	20,578	4.3	12.9
Construction & Extraction	20,490	4.3	12.9
All Others	127,978	26.8	11.7
<b>Total</b>	<b>477,530</b>	<b>100.0</b>	<b>12.2</b>

# Washington Metropolitan Area: Replacement Jobs by Educational Requirements, 2012-2017

<u>Education</u>	<u>Replacements</u>	<u>% Total</u>
Short-Term OJT	176,946	37.9
Bachelors + Experience	110,485	23.7
Moderate-Term OJT	39,885	8.6
Postsecondary Non-Degree	26,902	5.8
Associate's Degree	17,314	3.7
Work Exp in Related Occp.	40,283	8.6
Long-Term OJT	28,016	6.0
Master's&Doctoral Degree	16,679	3.6
First Professional Degree	9,681	2.1
<b>*Total</b>	<b>466,433</b>	<b>100.0</b>

\*Included 242 Unclassified and Military Replacement jobs

\*\* Totals show underestimates due to suppressed data and may not add up

Sources: EMSI Total Employment - 2013.2, GMU Center for Regional Analysis

# Population Change in the Washington Metropolitan Area , 2013-2018

(in thousands)

<u>Age Cohorts</u>	<u>2013</u>	<u>2018</u>	<u>Change</u>	<u>%</u>
Under 24 yrs	1,909.7	1,992.8	83.1	4.3
24-64 years	3,337.7	3,478.3	140.6	4.2
65 yrs & over	656.0	825.0	169.0	25.8
Totals	5,903.4	6,295.1	392.7	6.6

---

Source: IHS Global Insight, GMU Center for Regional Analysis

# Housing the Region's Future Workforce: Changing Tenure Patterns and Housing Affordability

# Housing Demand by Sub-state Area, 2012 – 2032

	By Work Location	By Current Commute Patterns
<b>D.C.</b>	<b>105,240</b>	<b>41,804</b>
<b>Sub. MD</b>	<b>160,815</b>	<b>184,760</b>
<b>No. VA</b>	<b>279,004</b>	<b>263,119</b>
<b>Outside Region</b>	<b>0</b>	<b>56,599</b>
<b>REGION</b>	<b>548,298</b>	<b>491,698</b>

# Demand by Housing Type and Sub-state Region, 2012-2032

## Comparing Current and Forecasted Units

	Current		Forecast	
	SF	MF	SF	MF
<b>D.C.</b>	<b>38%</b>	<b>62%</b>	<b>36%</b>	<b>64%</b>
<b>Sub. MD</b>	<b>71%</b>	<b>29%</b>	<b>66%</b>	<b>34%</b>
<b>No. VA</b>	<b>71%</b>	<b>29%</b>	<b>71%</b>	<b>29%</b>
<b>REGION</b>	<b>67%</b>	<b>33%</b>	<b>63%</b>	<b>37%</b>

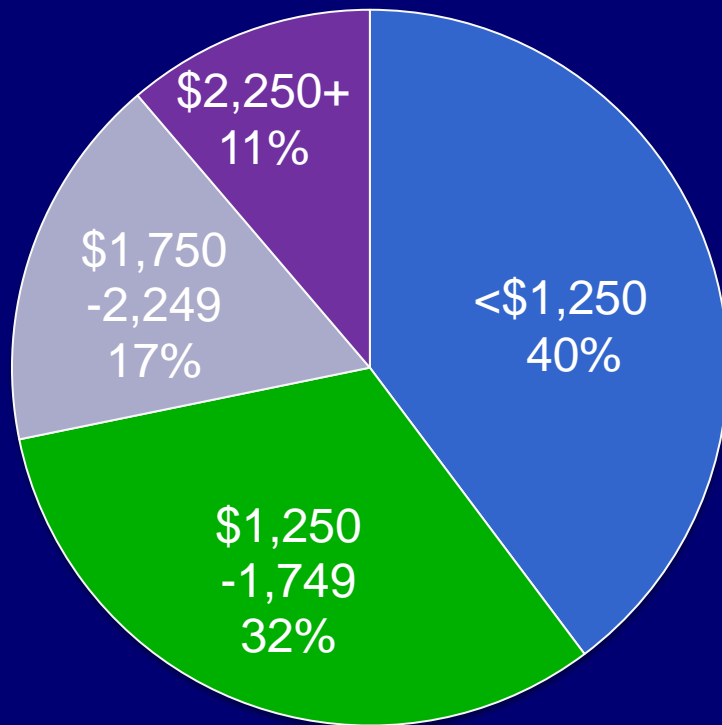
Note: Assumes all workers housed in the jurisdiction in which they work  
 Numbers may not add up due to rounding

Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

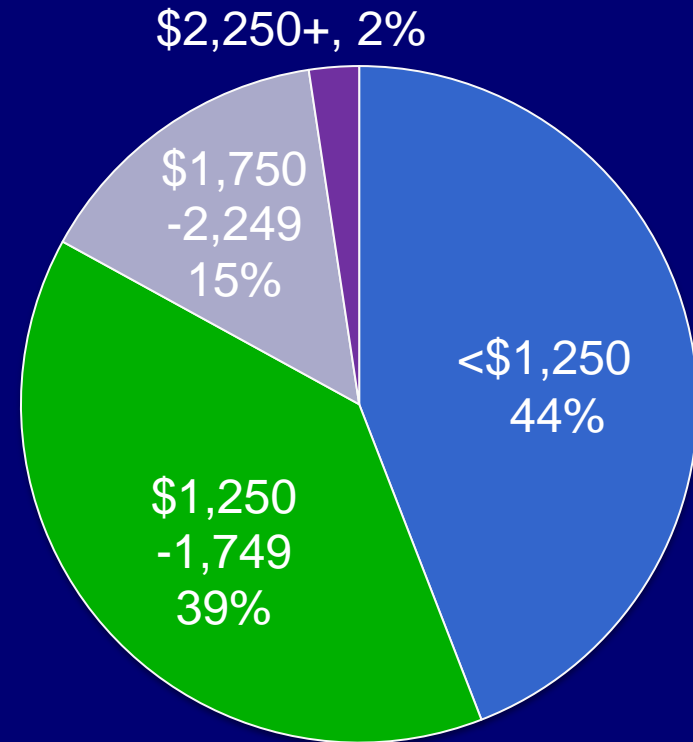


# Comparing Rents of Current and Forecasted Units, 2012-2032 Renter-Occupied, WMSA

Current



Needed for New Workers

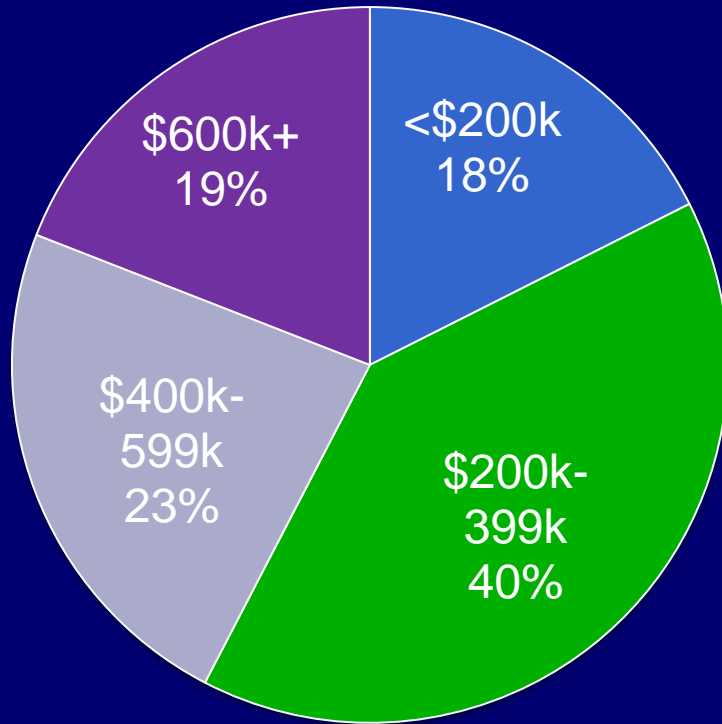


Note: Numbers may not add up due to rounding

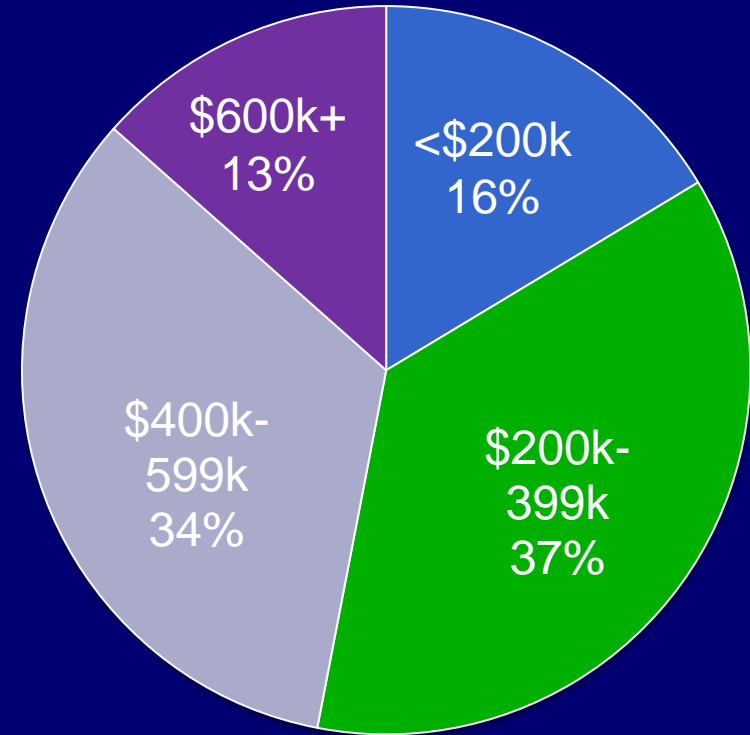
Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

# Comparing Prices of Current and Forecasted Units, 2012-2032 Owner-Occupied, WMSA

Current



Needed for New Workers



Note: Numbers may not add up due to rounding

Source: MRIS, 2009-2011 ACS, IHS Global Insight, MWCOC, BLS, GMU Center for Regional Analysis.

# Summary of Economic Challenges Facing the Washington Area

- The Washington metropolitan area economy has undergone a significant structural shift as a result of the Great Recession; changing federal spending patterns have extended this structural shift and will shape the economy's future growth potential.
- Federal spending will no longer drive the region's economic growth; but, professional and business services will continue as the major source of growth.
- The region's economy is currently lagging the national growth rate and the rates of its peers.

- Demand for workers to fill new and replacement jobs will substantially exceed the supply of available workers in every major occupational category.
- In order to sustain a competitive economy, local jurisdictions will need to increase their investments in education and skills training at all levels.
- The next five years will be the a critical development period as the region's public and private investment decisions during this period will determine its competitive position going forward.

- Housing affordability and changing tenure patterns are compounding the area's housing shortage and undermining the region's ability to meet its future workforce requirements.
- There are shortages of housing in all jurisdictions to meet the requirements of the future workforce.

# Thank You Questions

[cra.gmu.edu](http://cra.gmu.edu)